



Flood Recovery at the University of Iowa

ISSUE

In June 2008, the University of Iowa (UI) campus experienced severe flooding and major damage to campus facilities. This report summarizes information provided by the UI on flood recovery efforts as of August 2012.

AFFECTED AGENCIES

Board of Regents
University of Iowa

UNIVERSITY OF IOWA

Background – When the Iowa River left its banks in June 2008, 20 major buildings and the utility infrastructure for the entire campus were damaged at the UI. The damaged buildings included the power plant, nine classroom buildings, and a major research facility. The cost for the campus to fully recover, as well as costs for future flood mitigation and temporary facilities, is estimated to be \$862.5 million. This includes the replacement of Hancher Auditorium, the School of Music, the Art Building East, and the Museum of Art. Total costs will not be known until each project's scope of work has been approved by the Federal Emergency Management Agency (FEMA) and construction is authorized and underway.

Cost Estimates and Funding – As of March 2012, the University's overall financial exposure is estimated to be approximately \$194.1 million, lower than an earlier estimate of \$953.2 million. Two changes resulted in the lower estimate:

- The original estimate included a long-term backup solution for utility systems in the event of future flooding. Current FEMA staff is supportive of utility recovery efforts but not the backup solution, and that cost has been removed from the latest estimate.
- The original estimate for the Iowa Memorial Union combined flood recovery work with programmatic improvements and deferred maintenance work. Demonstrating the separation of costs between flood recovery and other improvements proved to be extremely challenging. The current estimate includes only the flood recovery costs.

The current estimate includes the replacement of the Museum of Art building. Although that project has been denied by FEMA, other potential recovery options are under review.

The University's financial exposure is a result of two factors:

- Insurance coverage on buildings in the flood plain is capped at \$40.0 million.
- Costs that exceed the insurance cap have been submitted to FEMA. FEMA will cover only 90.0% of reimbursable costs. The remaining 10.0% of costs associated with buildings in the floodplain will be the responsibility of the University.

In 2009, the General Assembly authorized the Board of Regents to issue Academic Building Revenue Bonds (ABRB) to cover \$100.0 million in costs for repair, restoration, replacement, and flood mitigation of damaged buildings and facilities. The General Assembly also authorized the Board to expand the description of two previous bond authorizations to include flood recovery and mitigation as allowable expenses.

As a result, in December 2009, the Board issued an Academic Building Revenue Flood Anticipation Project Note for \$27.0 million. It is expected that the Board will refinance the note as a longer-term bond and issue other bonds as authorized by the General Assembly, beginning in FY 2013.

Table 1 shows the UI estimate of flood recovery and mitigation expenses and sources of funding as of March 2012.

Table 1
University of Iowa Flood Recovery and Mitigation
Estimated Expenses and Sources of Funding
March 2012

Estimated Expenses:	Cost (in millions)
Hancher Building and Replacement	\$ 179.7
Voxman Building and Replacement	168.0
Art Building and Replacement	84.6
Museum of Art Building and Replacement	64.5
Art Building West	12.8
Iowa Advanced Technology Labs	30.0
Iowa Memorial Union	39.5
Theatre	16.3
Mayflower Hall	18.0
Adler/Becker/English Philosophy Building	10.4
Utility Plants and Systems	98.5
Debris Removal	38.4
Temporary Locations	56.8
Emergency Measures	12.4
Other Restoration Projects	18.3
Other	14.3
Total Expenses	\$ 862.5
Estimated Sources of Funding:	
FEMA	\$ 595.2
Insurance	73.3
Gifts	30.0
University Enterprise Funds	14.7
Academic Building Revenue Bonds	119.0
University General Education Fund and Other	30.3
Total Funding	\$ 862.5
Notes:	
1) Estimated expenses for each building include all costs associated with the recovery/replacement of the facility as well as demolition of buildings damaged beyond repair. Excluded are initial emergency measures and debris removal costs that are reported in aggregate for all buildings.	
2) The estimate of FEMA funding represents the projected FEMA contribution based on projects currently identified and their estimated budgets. FEMA's obligation to UI, as of September 1, 2012, is \$431,981,694.	

Current Situation – In June 2012, the U. S. Department of Homeland Security Office of Inspector General announced that it was recommending reversal of FEMA’s original decision to replace the UI’s Hancher Voxman Clapp and Art Building East facilities. On October 24, the leadership of DHS announced that it was reaffirming the original FEMA decision, allowing the replacement of these major facilities to proceed.

As of July 31, 2012, the UI had incurred approximately \$213.2 million in costs for major flood recovery projects. Attached to this report is a detailed timetable for major flood recovery projects. Substantial completion of all projects is planned for April 2016. **Table 2** shows the costs for each project as of July 31, 2012. **Table 3** shows the status of appeals regarding FEMA funding decisions.

Table 2
University of Iowa Flood Recovery Costs by Project
As of July 31, 2012

	Cost (in thousands)
Hancher and Voxman Buildings and Replacements	\$ 26,716.5
Art Building and Replacement	5,082.8
Art Building West	10,387.8
Iowa Advanced Technology Laboratories	11,359.8
Iowa Memorial Union	6,529.3
Theatre	3,031.6
Adler/Becker/English Philosophy Building	5,621.1
Mayflower Hall	4,539.6
Museum of Art	473.7
Utility Plants and Systems	33,793.4
Debris Removal	38,350.2
Temporary Locations	41,491.2
Emergency Measures	11,586.4
Other Restoration Projects	6,834.4
Other	7,353.4
Total	\$ 213,151.2

Table 3
Status of FEMA Appeals
September 2012

Project	Issue on Appeal	Date Appeal Submitted	Status of Appeal
Museum of Art	Replacement of flood damaged facility	June 2011 (second appeal)	Final appeal rejected by FEMA Headquarters (May 2012)
Power Plant and Utility System Tunnels	Reimbursement for funds expended in repair of facility	May 2012 (appealed to Iowa Homeland Security)	In process/under review by FEMA Region VII (Iowa Homeland Security (IHS) submitted appeal to FEMA Region VII July 2012)
Power Plant	Mitigation strategy	August 2012 (appealed to IHS)	Submitted to IHS as appeal to FEMA Region VII
Utility System Tunnels	Mitigation strategy	August 2012 (appealed to IHS)	Submitted to IHS as appeal to FEMA Region VII
Studio Arts	Reimbursement of funds expended in renovation of temporary facility	April 2012 (appealed to IHS)	In process/under review by FEMA Region VII (IHS submitted appeal to FEMA Region VII July 2012)

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Major Flood Recovery Project Timetable as of September 2012

	Regional FEMA Site and Replacement Authority Approval	Completion of State/Regional Review of Recovery and Mitigation Plans	Completion of National FEMA Review/Funding Obligation	Submission of Schematic Design and Budget to Board Office for Regents Action	Award of Construction Contract(s)	Substantial Completion
Art Building West			Complete (March 2011)	Complete (March 2011)	Complete (September 2010)	October 2011
Art Building (Replacement)	Complete (October 2010)	Complete (June 2011)	Complete (January 2012)	Complete (March 2011)	May 2013	April 2016
Art Building (Demolition)		Complete (June 2011)	Complete (May 2012)	October 2012	TBD	TBD
Hancher Performing Arts (Replacement)	Complete (October 2010)	Complete (June 2011)	Complete (January 2012)	Complete (March 2011)	October 2012 to October 2013 ³	December 2015
School of Music (Replacement)	Complete (October 2010)	Complete (June 2011)	Complete (January 2012)	Complete (March 2011)	January 2013 to September 2013 ³	March 2016
Hancher/Voxman/Clapp (Demolition)		Complete (June 2011)	Complete (May 2012)	October 2012	TBD	TBD
Iowa Advanced Technology Labs		Complete (June 2011)	September 2012 ⁴	December 2012	June 2013	July 2014
Iowa Memorial Union		Complete (June 2011)	Complete (January 2012) ⁵	Complete (October 2010)	April 2013	February 2015
Mayflower Residence Hall		Complete (June 2011)	September 2012 ⁴	Complete (June 2012)	February 2013 ⁶	June 2014
Theatre Building		Complete (June 2011)	Complete (February 2012)	October 2012	August 2013	October 2014
Utility System ²		Uncertain (pending FEMA response to UI proposed plan)	Uncertain (pending FEMA response to UI proposed plan)	Uncertain (pending FEMA response to UI proposed plan)	Uncertain (pending FEMA response to UI proposed plan)	Uncertain (pending FEMA response to UI proposed plan)

Notes

- 1) All dates subject to meeting all FEMA historic and environmental preservation rules on building and demolition projects per section 106 of the National Historic Preservation Act.
- 2) On August 12, 2010, the University submitted a comprehensive report, including a benefit-cost analysis, to FEMA outlining needed repairs and improvements to the utility system (power plant, tunnels, and distribution system). In March 2012, the FEMA office in Des Moines indicated there were insufficient obligations for repairs and mitigation. A method for addressing these deficiencies is uncertain and will involve appeals to FEMA Region VII.
- 3) These projects will be delivered in several bid packages. The dates indicated represent the anticipated dates for the awarding of the initial and final contracts.
- 4) FEMA has obligated the project worksheet. However, the project worksheet does not accurately reflect the desired scope of work. This is primarily related to mitigation strategies.
- 5) FEMA obligation understates cost significantly and UI/Iowa Homeland Security are in the process of seeking recognition of this higher cost within the FEMA obligation.
- 6) Subject to coordination with city elevation of Dubuque Street and the replacement of Park Road bridge.